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GREETING CARD AND RELATED OPERATIONS WORK PLAN AND PROPOSED BUDGET FOR 1998

SUMMARY

The Executive Director is presenting the Greeting Card and related Operations (GCO) work plan and proposed budget for 1998.

In 1998, GCO will generate $179.9 million in net consolidated income for general resources. In addition, $115.8 million are projected to be raised from private sector fund-raising activities for supplementary funds. This will be achieved by maintaining approximately the same level of expenditures as the 1997 annualized latest estimates and by restructuring of the division, resulting in a reduction of 17 posts.

The formal decision to be made on the basis of the present document is the adoption of the draft resolution relating to the budget proposal contained in paragraph 57.

* E/ICEF/1998/2.

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I. OVERVIEW

A. Introduction

1. In 1997, Greeting Card and related Operations (GCO) has focused its attention on implementing the recommendations of the 1996 Coopers and Lybrand (C&L) study to develop the brand and concentrate on key markets, as well as to focus and improve organizational skills and resources in a manner that would give the maximum returns. Among the recommendations to accomplish these ends was to simplify the organization and possibly consolidate GCO headquarters at one European location.

2. On the issue of the GCO headquarters location, two options were examined: consolidation in Copenhagen or consolidation in Geneva. Extensive analysis was undertaken, including review by an external consultant, which revealed:

(a) Consolidation at either location would necessitate massive recruitment - from 27 to 57 per cent of staff would be new;

(b) Using net present value analysis, there was no clear economic benefit to consolidation in Europe and no basis on which to choose either location over the other;

(c) Optimization of the present GCO structure would present considerably less risk than either option in terms of probable loss of income, skills and the down-time associated with recruitment and relocation;

(d) Given these factors and the fact that GCO is already undergoing a substantial reorganization as part of its overall reform, the Executive Director has decided not to consolidate GCO headquarters in either Copenhagen or Geneva, but to maintain it in New York, while the division concentrates on improving and streamlining its operations.

3. GCO will become more strongly brand driven. The previous split between product sales/marketing and private sector fund-raising, which has hampered the integration and simplification of processes, will be eliminated in favour of the brand management approach. This will allow GCO to utilize its scarce corporate resources in a more coordinated way to focus on particular markets and consumer groups in line with the direction of the C&L recommendations. The new proposed structure will minimize trans-Atlantic supervision and eliminate any duplication of functions, while maintaining and improving valuable human resource skills. GCO will concentrate on training existing staff and recruiting key professionals for new functions, while continuing the process begun last year of re-engineering its processes to respond more quickly to its markets and improve its product offering.

4. The new GCO structure will comprise 228 posts, a reduction of 17 posts compared to 1997, and includes five major components:

(a) A headquarters based in New York;

(b) A regional office in New York for North America and the Pacific;

(c) A regional office in Geneva for Europe, the Middle East and Africa;

(d) A regional support centre for Asia in Singapore;

(e) A regional support centre for Latin America in Santa Fé de Bogotá.

5. The New York headquarters structure will include the Director's Office and global financial reporting, administrative control and international corporate accounts. In Geneva, the GCO regional office will provide global direction on all marketing/brand management-related issues, including the responsibility for card and product development. The regional office in New York, with its self-contained structure including marketing and operations support services, will focus strongly on the North American and Pacific markets.

6. The regional support centre for Asia will continue to be in Singapore. The regional support centre for Latin America, currently in Rio de Janeiro, will be relocated to the UNICEF regional office in Santa Fé de Bogotá. This will enable much closer coordination with regional office, while GCO headquarters will maintain general direction with regard to marketing strategies and budget approval.

7. In line with the overall direction of focusing on key markets, GCO established a task force which analysed the sales/marketing history and potential of all the UNICEF field offices in which there are GCO activities. The task force recommended continued GCO support to some countries and the phasing out of activities in others. It was also recommended that a number of countries aim at eventually shifting responsibilities for fund-raising and/or card sales activities to local autonomous entities to enable GCO to better focus its efforts on a few high potential markets.

8. Due to the change in its fiscal year, GCO will recognize income as follows:

(a) For product sales - based on estimates. GCO maintains multi-year trends for card sales volume and returns by country to be able to estimate gross proceeds from product sales;

(b) For private sector fund-raising - based on actual cash accounting reports received from partners, as income can vary significantly from year to year.

9. To facilitate comparison with the budget, and to present fairly the actual income generated by fiscal year, GCO has presented two income statements. Table 1 includes private sector fund-raising income raised by partners in the campaign year, while table 1A includes private sector fund-raising income actually reported by partners to GCO (see para. 8 (b) above).

10. While the 1997 latest estimates for net proceeds from private sector fund-raising activities (general resources) are projected at $110.2 million (table 1), it is expected that approximately $40.0 million of this will be reported in time for the UNICEF year-end closure (table 1A). Therefore, the remaining $70.2 million of the 1997 private sector fund-raising net proceeds would be reported for inclusion in the 1998 financial report. Similarly, of the $123.6 million private sector fund-raising net proceeds projected to be generated in 1998, approximately $69.8 million are envisaged to be reported in time for the year-end closure, with the remaining $53.8 million reported in 1999. Although net proceeds from private sector fund-raising (supplementary

funds) for 1997 are projected at $96.3 million, $35.5 million are expected to be reported in time for the year-end closure. By the year 2000, most partners should be in a position to report private sector fund-raising proceeds to GCO in a timely manner. GCO will then be able to recognize total private sector fund-raising income in the year in which it was raised.

11. The strong United States dollar in key markets has continued to have a negative impact on GCO income. Based on the latest estimates, GCO gross proceeds raised from product sales for 1997 are projected at $152.2 million, a decrease of 6.6 per cent when compared to the 1996 actual (see table 1). Notwithstanding the unfavourable exchange rate situation, GCO net proceeds from private sector fund-raising for 1997 are projected to increase by 2.3 per cent to $206.5 million ($110.2 million for general resources and $96.3 million for supplementary funds) over the 1996 actual .

12. As required by the Executive Board (E/ICEF/1997/12/Rev.1, decision 1997/14), due to the projected decrease in 1997 net proceeds, GCO has reduced its expenditures for 1997 to $80.4 million (see table 2), which is below the approved low projection.

B. Policy issues

13. GCO proposes the review and approval of the following policy issues:

(a) Market Development Programme (MDP). For 1998, GCO proposes to continue MDP with a budget of $2.8 million. Investments for 1998 will be focused on projects with high rates of return;

(b) Fund-raising Development Programme (FDP). For 1998, GCO proposes to continue FDP with a budget of $7.8 million (the same as the 1997 approved budget), with special focus on the key markets of France, Germany, Japan, the Netherlands, the United Kingdom and the United States;

(c) GCO fiscal year change. Due to the change in the GCO fiscal year, the product sales results in the GCO annual financial report will be reported based on estimates. On receipt of the final sales reports from partners, the sales results will be actualized and the necessary adjustments reflected in the following years' financial report. Net proceeds from private sector fund-raising activities, however, will be based only on actual cash accounting reports received from partners before the year-end closure;

(d) Advance authorization to print cards and acquire products for the following fiscal year. Because of the GCO business cycle, production timing and international distribution, GCO starts producing and purchasing products approximately six months before the actual sales campaign. In this respect, the Executive Director requests the advance authorization of the Executive Board to incur expenditures related to the cost of goods delivered for the following year.

C. Consolidated income and expenditure projections for 1998

14. As indicated in table 1, the GCO net consolidated income for 1998 is projected at $268.6 million ($163.5 million for general resources and $105.1 million for supplementary funds), an increase of $15.3 million (6.0 per cent) over the 1997 (eight-month fiscal period) latest estimates and

$26.0 million (10.7 per cent) more than the 1996 actual. The net consolidated income - general resources of $163.5 million - comprises net proceeds from product sales of $123.7 million, net proceeds from private sector fund-raising of $123.6 million and other income of $7.5 million, offset by cost of goods delivered of $42.3 million, operating costs of $37.7 million and non-operating expenses of $11.3 million.

15. Owing to the fact that some of the private sector fund-raising income for the 1997 campaign will be reported in 1998, the actual GCO net consolidated income in 1998 will amount to $295.7 million (compared to $122.3 million reported in 1997) (see table 1A).

16. As the 1998 fiscal year for GCO is a twelve-month period, as opposed to the eight-month 1997 fiscal period, table 2 shows both the 1997 latest estimates and the annualized 1997 latest estimates. Consolidated expenditures for 1998 as summarized in table 2 are projected at $93.6 million, an increase of $0.6 million (0.6 per cent) over the 1997 annualized latest estimates.

17. The 1998 proposed expenditures are $13.2 million (16.4 per cent) higher than the 1997 latest estimates. This increase is attributable mainly to:

(a) The longer fiscal period ($8.6 million);

(b) One-time expenses ($2.8 million), which include staff costs related to the restructuring of GCO ($1.1 million), costs related to implementation of the new computer platform ($1.2 million) and the cost of the move of the GCO regional support centre from Rio de Janeiro to Santa Fé de Bogotá ($0.5 million);

(c) Expenses related to sales support/promotion of $2.8 million (offset by a decrease in expenditure of $1.0 million) for:

(i) Costs of publicity materials of $1.2 million due to the test of a new brochure and related mailing costs;

(ii) Costs of $1.4 million for implementing initiatives in key markets through investment funds (MDP/FDP);

(iii) Cost of commissions and house list appeals ($0.2 million).

D. Human resources

18. As a result of the above-mentioned GCO restructuring, the total number of posts will be reduced by 17 from 245 posts in 1997 to 228 posts in 1998, i.e., a reduction of two international Professional, three national Professional and 12 General Service posts (see annex V). The distribution of GCO staff by location will be as follows:

(a) GCO headquarters (comprising the Director's Office, Inte .ional Accounts Section, Finance and Administration Section, Management Inf .tion Systems Unit and Marketing Database Unit): 28 posts in New York, including 18 international Professional and 10 General Service, plus one international Professional post of senior technical officer for printing in Copenhagen;

(b) GCO regional office in New York for North America and the Pacific (comprising the Office of the Regional Manager, Brand Management Section and Operations Support Services Section): 32 posts, including 15 international Professional and 17 General Service;

(c) GCO regional office in Geneva for Europe, Middle East and Africa (comprising the Office of Deputy Director for Marketing, Marketing Services Section, Product Development Section, Market Research Unit, Operations Support Services Section and the Finance and Administration Unit): 89 posts, including 37 international Professional and 52 General Service;

(d) GCO regional support centre for Latin America in Santa Fé de Bogotá: seven posts, including three international Professional (one P-5 and two L-4), one national Professional and three General Service;

(e) GCO regional support centre for Asia in Singapore: 10 posts, including four international Professional (one P-5, two L-4 and one L-3), two national Professional and four General Service;

(f) UNICEF field offices in 13 countries (Argentina, Brazil, Colombia, Ecuador, India, Indonesia, Mexico, Morocco, Nigeria, Pakistan, Peru, the Philippines and Thailand): 61 posts, including 23 national Professional and 38 General Service.

Table 1. GCO income statement - 1996 actual, 1997 budget, 1997 latest estimates and 1998 proposed budget (including private sector fund-raising income raised during 1996-1998 campaign periods)

(In millions of United States dollars)

	1996 Actual	1997 Approved budget a/	1997 Latest estimates a/	1998 Proposed	Variance 1998 vs. 1997 Latest estimates $	Variance 1998 vs. 1997 Latest estimates %
Marketing - product sales and private sector fund-raising						
Gross proceeds - product sales	163.0	174.0	152.2	160.4	8.2	5.4
Less: Commissions (including retention)	37.1	40.4	34.9	36.7	1.8	5.2
Net proceeds - product sales	125.9	133.6	117.3	123.7	6.4	5.5
Add: Net proceeds - private sector fund-raising general resources	98.7	118.8	110.2	123.6	13.4	12.2
Total Net proceeds - product sales and private sector fund-raising general resources	224.6	252.4	227.5	247.3	19.8	8.7
Less: Cost of goods delivered	37.4	41.3	39.6	42.3	2.7	6.8
Operating costs	32.9	29.4	28.0	37.7	9.7	34.6
Provision for doubtful accounts	0.6	-	-	-	-	-
Add: Other income - net	6.9	7.5	7.5	7.5	-	-
Net operating income - consolidated	160.6	189.2	167.4	174.8	7.4	4.4
Non-operating expenses/adjustments						
Less:						
Market Development Programme	1.9	3.0	2.2	2.8	0.6	27.3
Fund-raising Development Programme	6.5	7.8	7.0	7.8	0.8	11.4
Exchange rate adjustment	11.3	-	-	-	-	-
Prior years' adjustments	-0.3	-	-	-	-	-
Exhibits and related costs	0.1	-	-	-	-	-
Office move-related costs	0.7	-	-	-	-	-
GCO share in UNICEF administrative costs	0.2	0.6	0.8	0.6	-0.2	-25.0
Central and Eastern European National Committees Development Programme	0.7	0.7	0.4	0.1	-0.3	-75.0
Net consolidated income - general resources	139.5	177.1	157.0	163.5	6.5	4.1
Add: Private sector fund-raising supplementary funds	103.1	97.8	96.3	105.1	8.8	9.1
Net consolidated income	242.6	274.9	253.3	268.6	15.3	6.0
						%
Card sales volume (millions)	*158*	*166*	*160*	*165*	*5*	3.1

a/ Due to a change in the GCO fiscal year, 1997 covers the eight-month period 1 May-31 December 1997.

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Table 1A. GCO income statement - 1996 actual, 1997 budget, 1997 latest estimates and 1998 proposed budget (including private sector fund-raising income reported during 1996-1998 campaign periods)

(In millions of United States dollars)

	1996 Actual	1997 Approved budget a/	1997 Latest estimates a/	1998 Proposed	Variance 1998 vs. 1997 Latest estimates $	Variance 1998 vs. 1997 Latest estimates %
Marketing - product sales and private sector fund-raising						
Gross proceeds - product sales	163.0	174.0	152.2	160.4	8.2	5.4
Less: Commissions (including retention)	37.1	40.4	34.9	36.7	1.8	5.2
Net proceeds - product sales	125.9	133.6	117.3	123.7	6.4	5.5
Add: Net proceeds - private sector fund-raising general resources	98.7	118.8	40.0 b/	140.0	100.0	250.0
Total Net Proceeds - product sales and private sector fund-raising general resources	224.6	252.4	157.3	263.7	106.4	67.6
Less: Cost of goods delivered	37.4	41.3	39.6	42.3	2.7	6.8
Operating costs	32.9	29.4	28.0	37.7	9.7	34.6
Provision for doubtful accounts	0.6	-	-		-	-
Add: Other income - net	6.9	7.5	7.5	7.5	-	-
Net operating income - consolidated	160.6	189.2	97.2	191.2	94.0	96.7
Non-operating expenses/adjustments						
Less:						
Market Development Programme	1.9	3.0	2.2	2.8	0.6	27.3
Fund-raising Development Programme	6.5	7.8	7.0	7.8	0.8	11.4
Exchange rate adjustment	11.3	-	-	-	-	-
Prior years' adjustments	-0.3	-	-	-	-	-
Exhibits and related costs	0.1	-	-	-	-	-
Office move-related costs	0.7	-	-	-	-	-
GCO share in UNICEF administrative costs	0.2	0.6	0.8	0.6	-0.2	-25.0
Central and Eastern European National Committees Development Programme	0.7	0.7	0.4	0.1	-0.3	-75.0
Net consolidated income - general resources	139.5	177.1	86.8	179.9	93.1	107.3
Add: Private sector fund-raising supplementary funds	103.1	97.8	35.5 b/	115.8	80.3	226.2
Net consolidated income	242.6	274.9	122.3	295.7	173.4	141.8
						%
Card sales volume (millions)	*158*	*166*	*160*	*165*	*5*	3.1

a/ Due to a change in the GCO fiscal year, 1997 covers the eight-month period 1 May-31 December 1997.
b/ Out of the projected private sector fund-raisng net proceeds for 1997 of $110.2 million in general resources (GR) and $95.8 million in supplementary funds (SF), income from partners reported on time is estimated at only $40 million (GR) and $35 million (SF).

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TABLE 2. SUMMARY OF CONSOLIDATED EXPENDITURES - 1997 budget, 1997 annualized latest estimates , 1997 latest estimates and 1998 proposed budget

	1997 Approved budget a/	1997 Annualized latest estimates	1997 Latest estimates a/	1998 Proposed	Variance 1998 vs. 1997 Latest estimates	
					$	%
DIRECTOR'S OFFICE						
Operating costs	0.3	0.4	0.3	0.7	0.4	133.3
Marketing						
Commissions - field offices	2.5	2.4	2.4	2.3	(0.1)	(4.2)
House list - appeal costs	0.5	0.5	0.5	0.8	0.3	60.0
Cost of goods delivered	41.3	41.8	39.6	42.3	2.7	6.8
Operating costs	18.3	23.2	17.1	21.9	4.8	28.1
Subtotal	62.6	67.9	59.6	67.3	7.7	12.9
OPERATIONS AND FINANCE						
Operating costs	10.3	12.7	10.1	14.3	4.2	41.6
NON-OPERATING EXPENSES						
Market Development Programme	3.0	3.0	2.2	2.8	0.6	27.3
Fund-raising Development Programme	7.8	7.8	7.0	7.8	0.8	11.4
GCO share in UNICEF administrative costs	0.6	0.8	0.8	0.6	(0.2)	(25.0)
Central and Eastern European National Committees Development Programme	0.7	0.4	0.4	0.1	(0.3)	(75.0)
Subtotal	12.1	12.0	10.4	11.3	0.9	8.7
TOTAL EXPENDITURES	85.3	93.0	80.4	93.6	13.2	16.4

a/ Due to a change in the GCO fiscal year, 1997 covers the eight-month period 1 May-31 December 1997.

II. DIRECTOR'S OFFICE

A. 1998 objectives

19. The objectives of the Director's Office are to complete the GCO restructuring process, including the recruitment, placement and training of key staff without negative impact on the revenue-generating, marketing and logistical support programmes and service levels.

B. 1998 strategies

20. The above objectives will be achieved by:

(a) Completing the formalities related to the recruitment and placement process of staff for the new structure;

(b) Scaling down GCO activities in field offices with minimal potential, while maximizing support to key markets.

C. Analysis of 1998 proposed budget

21. Total operating expenses are projected at $0.7 million for the 1998 fiscal year, an increase of $0.4 million, or 124.7 per cent when compared to the latest estimates for the eight-month 1997 fiscal period (see table 3). This increase is due to a provision of $0.3 million for recruitment costs against newly established posts and $0.1 million due to the a longer period (12 months versus 8 months).

III. MARKETING

A. Introduction

22. As highlighted above, the existing Product Line and Marketing and Private Sector Fund-raising groups will be merged into a single consolidated and rationalized Marketing Group. The key objectives and income and expenditure (tables 1, 1A and 4) reflect this integration:

23. The new organizational focus leads to:

(a) An integration of all fund-raising activities (cards and product sales, private sector fund-raising) in brand groups, which are market-focused and accountable for all income-generating activities in the cluster of countries served. This will lead to clearer accountability and stronger executional focus on key priorities;

(b) The creation of a central integrated Marketing Services Section responsible for providing specialized and high-level functional expertise and product support, managed and organized as a common resource for all brand groups;

(c) The creation of a consolidated Product Development Section (corporate cards, consumer cards and non-card products) to allow more harmonized product strategies, coherent brand development and an optimum use of scarce resources;

Table 3. Director's Office: actual expenditures for 1996 1997 budget, 1997 latest estimates and 1998 proposed budget

(In thousands of United States dollars)

Expenditures	1996 Actual	1997 Approved budget a/	1997 Latest estimates a/	1998 Proposed budget	Changes 1998 vs. 1997 Latest estimates $	Changes 1998 vs. 1997 Latest estimates %
Variable staff costs b/	1	7	17	307	290	1,705.9
Variable non-staff costs						
Travel, workshop and conference	70	55	55	83	28	50.9
Communications	5	10	10	12	2	20.0
Office equipment and maintenance	-	2	2	1	(1)	(50.0)
Other variable non-staff costs c/	20	5	5	5	-	-
Total variable non-staff costs	95	72	72	101	29	40.3
Fixed staff costs						
International Professional staff	206	130	130	167	37	28.5
General Service staff	120	55	55	79	24	43.6
Total non-staff costs	326	185	185	246	61	33.0
Fixed non-staff costs						
Office rent and maintenance	49	25	25	18	(7)	(28.0)
Total fixed non-staff costs	49	25	25	18	(7)	(28.0)
Total expenses	471	289	299	672	373	124.7

a/ Due to a change in the GCO fiscal year, 1997 covers the eight-month period 1 May-31 December 1997.
b/ Short-term assistance, staff training, overtime, recruitment costs.
c/ Miscellaneous supplies and services, hospitality.

(d) The creation of a new International Accounts Section, responsible for the development and management of international corporate fund-raising alliances (i.e., with multinationals, international service clubs, foundations, etc.).

24. The above changes will be implemented in 1998 after completion of carefully administered staff communications and deployment exercises for General Service and international Professional staff.

25. New initiatives in 1997 were: the introduction and test in Campaign I (Spring) of a rejuvenated card line and its extension to several key markets for Campaign II (Winter); the streamlining of distribution channels; and a harmonized product mix with a shortened product development cycle and the introduction of a new look brochure. In fund-raising, there was an emphasis on acquiring new donors and building long-term relationships with existing donors. Further inroads were made through market research in understanding how the UNICEF brand is perceived and in regional situations such as the Nordic countries. Extensive work was also done to help National Committees for UNICEF to develop sound and well-managed donor/buyer databases.

B. 1998 objectives

26. The objectives of Marketing are to achieve (table 4):

(a) Card sales volume of 165 million cards;

(b) Gross proceeds from product sales of $160.4 million;

(c) Net proceeds from UNICEF private sector fund-raising activities of $255.0 million (general resources of $140.0 million and supplementary funds of $115.0 million);

(d) Net operating income before non-operating expenses of $207.0 million for general resources.

27. Another key objective will be to implement the new marketing structure, train all relevant staff in their new functions and work processes, and provide strong motivation in order to achieve the budgeted income at the 1997 stabilized expenditure level (see annexes I and II for country-by-country details).

C. 1998 strategies

28. In accordance with the C&L recommendation, several work processes and product improvement-related strategies were initiated in 1997. Together with the organizational restructuring and further emphasis on brand development, there is, therefore, continuity in the strategic direction for 1998. The main highlights are:

(a) A key market focus through implementation of the brand management group concept. Other markets will receive special attention through a brand team within the Marketing Services Section, thus having strong and direct access to the marketing knowledge centre, the fund-raising specialist expertise and training functions;

(b) Institutionalizing the shorter product development cycle (i.e., time to market) from two years to seven months and by further expansion of just-in-time production. Hence, there will be a strongly enhanced market responsiveness;

(c) Maximizing the coverage of successful existing distribution channels (in particular direct mail for corporate cards), while testing new, profitable commercial channels;

(d) Better monitoring of inventory, production and sales through the newly created specialized inventory, production and sales function; and improved demand forecasting and business analysis;

(e) Stressing the UNICEF global priority to raise funds for general resources and facilitate coordination among UNICEF divisions, and ensuring coherence of messages with National Committees and access to relevant programme information and feedback;

(f) Providing an opportunity through the strategic use of investment funds to test new profitable activities aimed particularly at increased prospecting, more sophisticated forms of donor cultivation and a higher return on investments;

(g) Developing and launching a marketing knowledge centre which will allow efficient syndication from one country to the other of successful fund-raising/marketing activities, thus capitalizing time and money as well as the extensive market/fund-raising expertise that exist throughout UNICEF and National Committees. A similar approach will be used to implement and organize training sessions, working groups and workshops.

D. Market Development Programme

29. In 1997, a total of 29 projects were approved for funding from the MDP budget of $2.8 million. Projects were submitted by 13 National Committees. The financial investment of GCO in these projects at 31 October 1997 was $2.2 million, and gross proceeds from these initiatives are projected at $11.1 million.

30. For the 1998 work plan, an MDP budget of $2.8 million is proposed, the same level as in 1997. For 1998, investments will continue to be aimed at building consumer awareness of UNICEF cards and products through advertising campaigns and telemarketing campaigns to the corporate sector.

E. Fund-raising Development Programme

31. For the 1997 fiscal period, the Executive Board approved $7.8 million for FDP. As of 31 October 1997, $6.0 million had already been committed, with applications in approval process amounting to $1.0 million. Eleven National Committees and four UNICEF field offices benefited from FDP support in 1997.

32. Based on the encouraging results from FDP investments to date, GCO proposes a budget of $7.8 million for 1998, the same as in 1997. This will facilitate the funding opportunities for expanding and increasing the income generation of donor constituencies which may not be implementable without FDP.

F. Central and Eastern European National Committees Development Programme

33. The 10 countries under the Central and Eastern European National Committees Development Programme project card sales of 7.5 million and $3.8 million in gross proceeds for 1997, approximately the same as the 1996 actuals. For 1998, the objectives include card sales of 8.0 million (an increase of 6.7 per cent over 1997 latest estimates) and gross proceeds of $3.8 million, the same as the 1997 latest estimates (projected exchange rate impact).

G. Analysis of 1998 proposed budget

34. Gross proceeds from product sales for 1998 are projected to range from a low of $157.0 million to a high of $163.8 million (see table 8). The medium projection is $160.4 million, an increase of $8.2 million (5.3 per cent) over the 1997 latest estimates.

35. Sales volume for 1998 is projected at 165 million cards, an increase of 5 million cards (3.1 per cent) over the 1997 latest estimates (see table 4). Annex I summarizes the 1998 card sales volume forecast for each major market by GCO sales region, compared with the 1997 budget, the latest estimates for 1997 and 1994-1996 actual.

36. Net proceeds from product sales for 1998 are projected at $123.7 million, $6.3 million (5.4 per cent) higher than the 1997 latest estimates. This is after the amounts retained by National Committees ($34.4 million) and commissions paid to consignees by UNICEF field offices ($2.3 million).

37. Other income for 1998 is projected at the level of the 1997 latest estimates, i.e. $7.5 million. This includes royalties from the sale of licensed products, donations generated from brochures and order forms, bank interest and discounts realized on purchases.

38. Net proceeds from UNICEF private sector fund-raising activities for 1998 are projected at $255.0 million, of which $140.0 million are for general resources and $115.0 million for supplementary funds (see table 4). The total net proceeds of the Marketing Group for general resources in 1998, therefore, will amount to $263.7 million, comprising $123.7 million from product sales and $140.0 million from private sector fund-raising. Detailed projections for 1998 compared with the 1997 latest estimates of private sector fund-raising net proceeds by country are presented in annex II.

39. Total expenses for the Marketing Group (excluding MDP and FDP, but including commissions paid by UNICEF field offices and house list appeal costs) are projected at $67.3 million for the 12-month 1998 fiscal year, an increase of $7.7 million, or 12.9 per cent when compared with the latest estimates for the eight-month 1997 fiscal period. Of this increase, $6.4 million are attributable to the longer period (12 months in 1998 as opposed to 8 months in 1997), $1.2 million to higher costs of publicity and promotion materials, $0.4 million to termination payments and $0.3 million to higher house list appeal costs, offset by decreases in direct production costs of $0.5 million and in commissions of $0.1 million.

40. The net operating income, including supplementary funds (after non-operating expenses) for the 12-month 1998 fiscal year, is projected at

$311.3 million ($196.3 million for general resources and $115.0 million for supplementary funds).

IV. OPERATIONS AND FINANCE

A. Introduction

41. In 1998, GCO will continue to participate in the UNICEF-wide migration from its existing systems to the Programme Manager System (PROMS) at UNICEF field offices and the new Systems, Applications and Products in Data Processing (SAP) financial and logistics system at headquarters.

42. In order to better serve partners, GCO will continue to condense the product development and production cycle, with "production to order" and demand forecasting. While enhancing customer service, this will help to reduce GCO exposure to inventory accumulation and increase the inventory turnover ratio, thus improving the return on investment on inventory.

43. In conjunction with the regional Office for Europe, joint work planning for National Committees will be pursued further, with concrete pilot projects in 1998 for new style business planning.

B. 1998 objectives

44. The objectives of Operations and Finance are:

(a) To provide financial, operational and information support to management and other functional groups within GCO;

(b) To further improve customer service to GCO partners in a cost-efficient manner;

(c) To redesign GCO work processes with the implementation of SAP and PROMS and to update and document procedural changes.

Table 4. Marketing - Product sales and private sector fund-raising: income and expenditures for 1996 actual, 1997 budget, 1997 latest estimates and 1998 proposed budget

	1996 Actual a/	1997 Approved budget b/	1997 Latest estimates b/	1998 Proposed budget	Changes 1998 Proposed versus 1997 latest estimates	
Card sales volume (millions)	158	166	160	165	5	3.1
	(In thousands of United States dollars)					%
Net proceeds						
Gross proceeds - product sales	162,961	174,000	152,257	160,389	8,132	5.3
Less: National Committees' retention	35,150	37,930	32,479	34,412	1,933	6.0
Commissions paid by field offices	1,912	2,470	2,444	2,320	(124)	(5.1)
Net proceeds - product sales	125,899	133,600	117,334	123,657	6,323	5.4
Add: Net proceeds - PSFR general resources	98,731	118,800	40,000	140,000	100,000	250.0
Total net proceeds	224,630	252,400	157,334	263,657	106,323	67.6
Direct production costs	23,704	26,391	26,200	25,670	(530)	(2.0)
Indirect production costs						
Plant/shipping/warehouse/storage regional support centres	3,635	3,498	3,088	4,071	983	31.8
Freight, duties and taxes	3,768	3,212	2,977	3,946	969	32.5
Promotional materials	6,335	8,142	7,365	8,574	1,209	16.4
Total indirect production costs	13,738	14,852	13,430	16,591	3,161	23.5
Variable staff costs c/	319	374	306	505	199	65.0
Variable non-staff costs						
Travel, workshop and conference	629	633	606	696	90	14.9
Communications	195	245	245	270	25	10.2
Office equipment and maintenance	113	83	78	40	(38)	(48.7)
Computer equipment and maintenance	63	54	54	33	(21)	(38.9)
Other variable non-staff costs d/	172	230	230	215	(15)	(6.5)
Total variable non-staff costs	1,172	1,245	1,213	1,254	41	3.4
Fixed staff costs						
International Professional staff	4,213	3,138	3,030	4,627	1,597	52.7
General Service staff	3,187	2,278	2,278	3,150	872	38.3
Total fixed staff costs	7,400	5,416	5,308	7,777	2,469	46.5
Fixed non-staff costs						
Office rent and maintenance	999	588	568	818	250	44.0
Fixed non-staff costs	999	588	568	818	250	44.0
Research and development costs	2,570	3,405	3,154	3,122	(32)	(1.0)
Field offices' expenses	5,956	5,753	5,213	6,236	1,023	19.6
Regional support centres' expenses	1,353	1,578	1,360	2,175	815	59.9
Total expenses	57,211	59,602	56,752	64,148	7,396	13.0
Add: Other income	6,888	7,500	7,500	7,500	-	-
Bad debts	576					
Net operating income before non-operating expenses	173,731	200,298	108,082	207,009	98,927	91.5
Non-operating expenses						
Less: Market Development Programme	1,879	3,000	2,200	2,800	600	27.3
Fund-raising Development Programme	6,473	7,804	7,000	7,804	804	11.5
Special projects/exhibits	135	-	-	-		
Central and Eastern European National Committees Development Programme	690	700	408	64	(344)	(84.3)
Net income after non-operating expenses	164,554	188,794	98,474	196,341	97,867	99.4
Add: PSFR supplementary funds	103,061	97,757	35,476	115,792	80,316	226.4
Less: House list - appeal costs	391	495	476	792	316	66.4
Total supplementary funds	102,670	97,262	35,000	115,000	80,000	228.6
Net operating income including supplementary funds after non-operating expenses	267,224	286,056	133,474	311,341	177,867	133.3

a/ The comparative figures for 1996 and 1997 were restated to conform with the 1998 presentation.

b/ Due to a change in the GCO fiscal year, 1997 covers the eight-month period 1 May-31 December 1997.

c/ Short-term assistance, staff training, overtime.

d/ Miscellaneous supplies and services, subscriptions, on-line services, advocacy materials, complimentary cards, insurance, legal fees, hospitality.

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C. 1998 strategies

45. The objectives will be achieved through the following strategies:

(a) Jointly with the regional Office for Europe, to establish performance monitoring mechanisms for key markets to receive, analyse and compare actual results against plan and advise management with timely information;

(b) To streamline the work plan and budget preparation package for 1997 as well as to establish the proper definition of accountabilities and responsibilities through strengthened joint work planning with National Committees;

(c) To provide financial analysis of GCO marketing strategies to support management decision-making;

(d) To support the capabilities of partners, due to the year-end change of GCO, to report private sector fund-raising income to UNICEF in a timely manner.

D. Analysis of 1998 proposed budget

46. Total expenses for the Operations and Finance Group are projected at $14.3 million for 1998, an increase of $4.2 million, or 41.6 per cent when compared to the latest estimates for the eight-month period of the 1997 fiscal period (see table 5). The above increase consists of $2.1 million due to the longer period, $1.2 million for higher costs related to the development and implementation of the new computer platform, $0.4 million for termination payments to staff on abolished posts in New York and Geneva and $0.5 million for costs related to the move of the GCO regional support centre to Santa Fé de Bogotá.

V. REGIONAL SUPPORT CENTRES AND UNICEF FIELD OFFICES

A. Introduction

47. Gross proceeds generated by UNICEF field offices from GCO activities in 1997 are projected at $37.0 million, with costs estimated at $15.9 million (excluding FDP), resulting in a net operating income of $21.2 million (including other income of $0.1 million).

48. Based on the established criteria for priority country status, 13 countries are in the category of "priority country". As explained in paragraph 7 above, GCO will continue to focus only on high potential markets while phasing out activities in 78 countries.

Table 5. Operations and Finance Group: expenditures for 1996 actual, 1997 budget, 1997 latest estimates and 1998 proposed budget

(In thousands of United States dollars)

Expenditures	1996 Actual a/	1997 Approved budget b/	1997 Latest estimates b/	1998 Proposed budget	Changes 1998 versus 1997 Latest estimates $	Changes 1998 versus 1997 Latest estimates %
Variable staff costs c/	458	701	692	785	93	13.4
Variable non-staff costs						
Travel, workshop and conference	209	260	237	253	16	6.8
Communications	162	270	217	283	66	30.4
Office equipment and maintenance	191	199	178	182	4	2.2
Computer equipment and maintenance	540	396	390	453	63	16.2
Computer software development	1,008	606	606	1,665	1,059	174.8
Other variable non-staff costs d/	127	249	209	235	26	12.4
Total variable non-staff costs	2,237	1,980	1,837	3,071	1,234	67.2
Fixed staff costs						
International Professional staff	3,717	2,991	2,990	4,375	1,385	46.3
General Service staff	2,929	2,415	2,415	3,042	627	26.0
Total fixed staff costs	6,646	5,406	5,405	7,417	2,012	37.2
Fixed non-staff costs						
Office rent and maintenance	1,082	740	685	1,124	439	64.1
Depreciation	280	120	120	184	64	53.3
Other fixed non-staff costs e/	234	190	247	330	83	33.6
Total fixed non-staff costs	1,596	1,050	1,052	1,638	586	55.7
Research and development costs	8	12	12	12	-	-
Field offices' expenses	-	-	-	-	-	-
Regional support centres' expenses	1,365	1,114	1,072	1,340	268	25.0
Total expenses	12,310	10,263	10,070	14,263	4,193	41.6

a/ The comparative figures for 1996 were restated to conform with the 1997 and 1998 presentations.
b/ Due to a change in the GCO fiscal year, 1997 covers the eight-month period 1 May-31 December 1997.
c/ Short-term assistance, staff training, staff welfare, overtime.
d/ Miscellaneous supplies and services, subscriptions, insurance, legal fees, external audit, on-line services.
e/ Payments to UNICEF.

B. 1998 objectives

49. The objectives are:

(a) To provide support, assistance and training to priority countries in technical aspects of GCO-related activities;

(b) To achieve:

(i) Card sales of 26.2 million;

(ii) Gross proceeds of $21.2 million from product sales and $20.8 million from private sector fund-raising.

C. 1998 strategies

50. The strategies to achieve the above objectives are:

(a) To develop regional strategies for product mix, distribution and pricing for product sales and direct appeal, donor acquisition and corporate appeal for private sector fund-raising activities;

(b) To find local entities in non-priority countries with identified potential which will take charge of card sales and/or fund-raising activities;

(c) To provide support and monitor implementation of the 1998 work plan and budget;

(d) To implement PROMS with strengthened internal controls and updated procedures to facilitate closer monitoring of income and expenditures;

(e) To organize regional workshops for product sales and private sector fund-raising activities to review 1997 results, establish strategies, provide training and support to achieve 1998 objectives.

D. Analysis of 1998 proposed budget

51. For 1998, UNICEF field offices are projected to generate $42.0 million in gross proceeds ($21.2 million in product sales and $20.8 million in private sector fund-raising), an increase of $5.1 million (13.8 per cent) over the 1997 latest estimates (see table 6). This increase is fully attributable to higher gross proceeds from private sector fund-raising, while the gross proceeds from product sales are projected at the level of the 1997 latest estimates.

52. Sales volume for 1998 is projected at 26.2 million cards, a decrease of 0.7 million cards (2.6 per cent) when compared to the 1997 latest estimates. This decrease is due to the planned withdrawal of card sales activities from many non-priority markets.

53. Total operating expenses for UNICEF field offices and the GCO regional support centres are projected at $9.8 million for 1998, an increase of $2.1 million, or 27.5 per cent when compared to the latest estimates for the eight-month 1997 fiscal period. Of this increase, $1.6 million are attributable to the longer period and $0.5 million to the planned move of the GCO regional support centre to Santa Fé de Bogotá.

54. For 1998, the net operating income from UNICEF field offices from both product sales and private sector fund-raising activities (excluding FDP) is projected at $23.7 million, an increase of $2.5 million, or 11.8 per cent over the 1997 latest estimates. This increase is a net result of higher net operating income from private sector fund-raising activities of $3.8 million, lower net operating income from product sales of $1.0 million and higher operating costs of the Operations and Finance Group of $0.3 million.

VI. MEDIUM-TERM PLAN, 1998-2002

55. Table 7 presents the medium-term plan for GCO for the period 1998-2002. This plan takes into account the new GCO structure and a more focused approach towards its key markets. It also reflects business trends, previous years' financial results and strategic plans developed and implemented in cooperation with National Committees and UNICEF field offices in GCO priority countries.

56. GCO objectives, as per the medium-term plan, are to achieve by 2002:

(a) Card sales volume of 193 million cards;

(b) Gross proceeds from product sales of $203.0 million;

(c) Net proceeds from private sector fund-raising activities of $285.0 million ($185.0 million for general resources and $100.0 million for supplementary funds);

(d) Net consolidated income for UNICEF from the private sector of $327.8 million, comprising $227.8 million for general resources and $100.0 million for supplementary funds.

Table 6. Regional support centres and UNICEF field offices :

Income and expenditures for 1996 actual, 1997 budget, 1997 latest estimates and 1998 proposed budget

(In thousands of United States dollars)

	1996 Actual	1997 Approved budget a/	1997 Latest estimates a/ PLM	PSFR	O&F	Total	1998 Proposed budget PLM	PSFR	O&F	Total	Changes 1998 vs. 1997 Latest estimates $	%
Volume of card sales	26,375	28,464	26,932	-	-	26,932	26,240	-	-	26,240	(692)	(2.6)
Gross proceeds (GR + SF)	32,891	38,811	21,249	15,710		36,959	21,240	20,821		42,061	5,102	13.8
Less: Commissions paid to consignees	1,912	2,470	2,444	-		2,444	2,320	-		2,320	(124)	(5.1)
Less: PSFR house list - appeal costs	391	495	-	476		476	-	792		792	316	66.4
Net proceeds	30,588	35,846	18,805	15,234	-	34,039	18,920	20,029	-	38,949	4,910	14.4
Costs of goods delivered	5,061	4,891	4,285			4,285	4,498			4,498	213	5.0
Freight, duties and taxes	602	636	556			556	659			659	103	18.5
Promotional materials	489	519	504			504	502			502	(2)	(0.4)
Total costs of goods delivered	6,152	6,046	5,345	-	-	5,345	5,659	-	-	5,659	314	5.9
Operating expenses:												
Variable selling costs - field offices												
Freight - internal and storage	446	375	388			388	321			321	(67)	(17.3)
Promotional materials	130	161	142			142	304			304	162	114.1
Total variable selling costs - field offices	576	536	530	-	-	530	625	-	-	625	95	17.9
Variable staff costs												
Short-term assistance	1,207	1,099	708	284	21	1,013	660	327	32	1,019	6	0.6
Staff training	10	54	22	27	10	59	20	24	6	50	(9)	(15.3)
Other variable staff costs b/	32	34	22	5	6	33	22	13	6	41	8	24.2
Total variable staff costs	1,249	1,187	752	316	37	1,105	702	364	44	1,110	5	0.5
Variable non-staff costs												
Travel, workshop and conference	372	394	190	148	74	412	194	158	64	416	4	1.0
Communications	319	280	194	65	33	292	209	108	43	360	68	23.3
Office equipment and maintenance	325	298	164	52	34	250	114	39	12	165	(85)	(34.0)
Computer equipment and maintenance	100	147	69	49	25	143	48	39	16	103	(40)	(28.0)
Computer software development	7	29	1	9	3	13	-	15	3	18	5	38.5
Other variable non-staff costs c/	253	217	194	32	7	233	35	34	26	95	(138)	(59.2)
Total variable non-staff costs	1,376	1,365	812	355	176	1,343	600	393	164	1,157	(186)	(13.8)
Fixed staff costs												
International Professional staff	1,172	951	170	178	565	913	291	288	621	1,200	287	31.4
National Professional staff	1,418	1,173	584	429	89	1,102	933	721	204	1,858	756	68.6
General Service staff	1,170	904	484	234	137	855	795	527	253	1,575	720	84.2
Total fixed staff costs	3,760	3,028	1,238	841	791	2,870	2,019	1,536	1,078	4,633	1,763	61.4
Fixed non-staff costs												
Office rent and maintenance	455	402	261	79	58	398	326	77	54	457	59	14.8
Depreciation	30	20	5	5	10	20	119	120	0	239	219	1,095.0
Total fixed non-staff costs	485	422	266	84	68	418	445	197	54	696	278	66.5
Research and development	1,228	1,908	410	969	-	1,379	441	1,089	-	1,530	151	10.9
Total operating expenses	8,674	8,446	4,008	2,565	1,072	7,645	4,832	3,579	1,340	9,751	2,106	27.5
Other income	204	155	142	-	-	142	158	-	-	158	16	11.3
Bad debts	574	-	-	-	-	-	-	-	-	-		
Net operating income before FDP	15,392	21,509	9,594	12,669	(1,072)	21,191	8,587	16,450	(1,340)	23,697	2,506	11.8
Percentage of gross proceeds	46.8	55.4	45.2	80.6		57.3	40.4	79.0		56.3		
Less: FDP	1,179	1,654	-	1,039	-	1,039	-	1,435	-	1,435	396	38.1
Net operating income after FDP	14,213	19,855	9,594	11,630	(1,072)	20,152	8,587	15,015	(1,340)	22,262	2,110	10.5
Percentage of gross proceeds	43.2	51.2	45.2	74.0		54.5	40.4	72.1		52.9		
Summary of expenditures:												
Commissions/house list - appeal costs	2,303	2,965	2,444	476	-	2,920	2,320	792	-	3,112	192	6.6
Cost of goods delivered	6,152	6,046	5,345	-	-	5,345	5,659	-	-	5,659	314	5.9
Total operating expenses (variable costs, fixed costs, research and development)	8,674	8,446	4,008	2,565	1,072	7,645	4,832	3,579	1,340	9,751	2,106	27.5

PLM = Product Line and Marketing; PSFR = Private Sector Fund-raising; O&F = Operations and Finance; GR = general resources; SF = supplementary funds; FDP = Fund-raising Development Programme.

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a/ Due to a change in the GCO fiscal year, 1997 covers the eight-month period 1 May-31 December 1997.

b/ Overtime.

c/ Miscellaneous supplies and services, hospitality.

Table 7. GCO medium-term plan: 1996 actual, 1997 budget, 1997 latest estimates, 1998 proposed and 1999-2002

(In millions of United States dollars)

	1996 Actual	1997 Approved budget a/	1997 Latest estimates a/	1998 Proposed	1999	2000	2001	2002
					Medium -term plan projections			
Marketing - product sales and private sector fund-raising								
Gross proceeds - product sales	163.0	174.0	152.2	160.4	170.0	181.0	192.0	203.0
Less: Commissions (including retention)	37.1	40.4	34.9	36.7	38.9	41.4	43.9	46.5
Net proceeds - product sales	125.9	133.6	117.3	123.7	131.1	139.6	148.1	156.5
Add: Net proceeds - private sector fund-raising general resources	98.7	113.8	40.0	140.0	160.0	180.0	180.0	185.0
Total Net proceeds - product sales and private sector fund-raising general resources	224.6	252.4	157.3	263.7	291.1	319.6	328.1	341.5
Less: Cost of goods delivered	37.4	41.3	39.6	42.3	46.2	49.9	53.9	58.2
Operating costs	32.9	29.4	28.0	37.7	39.7	44.1	49.0	54.4
Provision for doubtful accounts	0.6	-	-	-	-	-	-	-
Add: Other income - net	6.9	7.5	7.5	7.5	8.5	9.5	10.5	12.0
Net operating income - consolidated	160.6	189.2	97.2	191.2	213.7	235.1	235.7	240.9
Non-operating expenses/adjustments								
Less:								
Market Development Programme	1.9	3.0	2.2	2.8	3.0	3.0	3.5	3.5
Fund-raising Development Programme	6.5	7.8	7.0	7.8	8.9	8.9	8.9	9.0
Exchange rate adjustment	11.3	-	-	-	-	-	-	-
Prior years' adjustments	-0.3	-	-	-	-	-	-	-
Exhibits and related costs	0.1	-	-	-	-	-	-	-
Office move-related costs	0.7	-	-	-	-	-	-	-
GCO share in UNICEF administrative costs	0.2	0.6	0.8	0.6	0.6	0.6	0.6	0.6
Central and Eastern European National Committees Development Programme	0.7	0.7	0.4	0.1	-	-	-	-
Net consolidated income - general resources	139.5	177.1	86.8	179.9	201.2	222.6	222.7	227.8
Add: PSFR supplementary funds	103.1	97.8	35.5	115.8	135.0	135.0	100.0	100.0
Net consolidated income	242.6	274.9	122.3	295.7	336.2	357.6	322.7	327.8
Card sales volume (millions)	*158*	*166*	*160*	*165*	*172*	*178*	*186*	*193*

a/ Due to a change in the GCO fiscal year, 1997 covers the eight-month period 1 May-31 December 1997.

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TABLE 8. RANGE OF BUDGETED INCOME AND EXPENDITURES FOR THE FISCAL YEAR 1 JANUARY - 31 DECEMBER 1998

(In millions of United States dollars)

	I Low projection	II Medium projection	III High projection
Budgeted income			
Gross proceeds - product sales (table 1A)	157.0	160.4	163.8
Deduct: National Committees' retention a/	33.6	34.4	35.2
Net proceeds	123.4	126.0	128.6
Add: Other income - net (table 1A)	6.5	7.5	8.5
Net proceeds - product sales	129.9	133.5	137.1
Private sector fund-raising - general resources (table 1A)	133.0	140.0	147.0
Total net proceeds - general resources	262.9	273.5	284.1
Budgeted expenditures			
Director's Office (table 3)	0.7	0.7	0.7
Marketing - product sales and private sector fund-raising (table 4)	65.6	67.3	69.0
Market Development Programme (table 4)	2.8	2.8	2.8
Fund-raising Development Programme (table 4)	7.8	7.8	7.8
Operations and Finance Group (table 5)	13.6	14.3	14.8
GCO share in UNICEF administrative costs (table 1A)	0.6	0.6	0.6
Central and Eastern European National Committees Development Programme (table 1A)	0.1	0.1	0.1
Total expenditures - consolidated (table 2)	91.2	93.6	95.8
Net consolidated income - general resources (table 1A)	171.7	179.9	188.3
Add: Supplementary funds - private sector fund-raising (table 4)	107.0	115.8	123.0
Net consolidated income - general resources and supplementary funds	278.7	295.7	311.3

a/ Excludes field office commission - budgeted in expenditures.

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VII. DRAFT RESOLUTIONS

57. The draft resolutions for Executive Board approval relating to the GCO budget for 1998 are presented below.

A. Greeting Card and related Operations budgeted expenditures for the 1998 season

The Executive Board

1. Approves for the fiscal year 1 January to 31 December 1998 budgeted expenditures of $93.6 million as detailed below and summarized in column II of table 8 to document E/ICEF/1998/AB/L.3:

	(In millions of United States dollars)
Director's Office	0.7
Marketing	67.3
Operations and Finance	14.3
Subtotal	82.3
Non-operating expenses:	
Market Development Programme	2.8
Fund-raising Development Programme	7.8
GCO share in UNICEF administrative costs	0.6
Central and Eastern European National Committees Development Programme	0.1
Subtotal	11.3
Total expenditures, consolidated a/	93.6

2. Authorizes the Executive Director:

(a) To incur expenditures as summarized in column II of table 8 to document E/ICEF/1998/AB/L.3 and to increase the expenditures up to the level indicated in column III to table 8 of the same document, should the apparent net proceeds from product sales and/or private sector fund-raising increase to the levels indicated in column III, and, accordingly, to reduce expenditures below the level indicated in column II to the extent necessary, should the net proceeds decrease;

(b) To transfer funds when necessary between the various budgets as detailed above;

(c) To spend an additional amount between Executive Board sessions, when necessary, owing to currency fluctuations, to ensure the continued operation of GCO.

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a/ For details, see table 2.

B. Budgeted income for the 1998 season

The Executive Board

Notes that for the period 1 January to 31 December 1998, GCO net proceeds are budgeted at $273.5 million (general resources) as shown in column II of table 8 to document E/ICEF/1998/AB/L.3.

C. Policy issues

The Executive Board

1. Approves the changes in posts with a net decrease of 17 posts as indicated in annexes III and V to document E/ICEF/1998/AB/L.3;

2. Renews MDP with $2.8 million established for 1998;

3. Renews FDP with $7.8 million established for 1998;

4. Renews the Central and Eastern European National Committees Development Programme, which includes 10 countries, with a budget of $0.1 million established for 1998;

5. Authorizes the Executive Director to incur expenditures in the 1998 fiscal period related to the cost of goods delivered (production/purchase of raw materials, cards and other products) for the 1999 fiscal year up to $46.2 million as indicated in the GCO medium-term plan (see table 7 of document E/ICEF/1998/AB/L.3).

Annex I

PRODUCT LINE AND MARKETING: CARD SALES BY REGION, 1994 - 1998 NATIONAL COMMITTEES

(in thousands of cards)

Country/region	1994 Actual	1995 Actual	1996 Actual	1997 Approved budget	1997 Latest estimates	1998 Forecast Low	1998 Forecast Medium	1998 Forecast High
Canada	4,941	4,537	4,648	4,308	4,308		4,320	
United States of America	9,050	9,168	9,878	10,800	10,800		12,000	
Total North America - Region I	13,991	13,705	14,526	15,108	15,108	15,800	16,320	16,800
Hong Kong	878	703	852	800	800		920	
Japan	6,123	6,391	7,124	7,200	7,200		7,600	
Republic of Korea	615	557	640	700	700		700	
Total Asia - Region III	7,616	7,651	8,616	8,700	8,700	8,700	9,220	9,700
Australia	1,857	1,684	1,835	2,100	2,100		2,100	
New Zealand	330	208	95	230	230		80	
Total Pacific, India & Pakistan - Region IV	2,187	1,892	1,930	2,330	2,330	2,100	2,180	2,300
Austria	1,506	1,447	1,467	1,600	1,554		1,600	
Belgium	2,311	2,112	1,985	1,900	1,900		2,000	
Denmark	1,826	1,754	1,925	1,900	1,808		1,950	
Finland	1,774	1,751	1,809	1,900	1,800		1,800	
France	16,735	15,445	15,077	16,000	14,408		15,200	
Germany	18,910	19,130	18,557	19,500	18,700		19,500	
Greece	3,108	3,138	3,187	3,350	3,378		3,500	
Ireland	471	446	446	500	500		500	
Italy	12,079	12,084	12,457	13,000	12,657		13,000	
Luxembourg	564	566	628	620	620		650	
Netherlands	6,828	6,889	6,557	6,500	6,500		6,800	
Norway	1,816	1,789	1,719	1,800	1,750		1,800	
Portugal	3,097	3,360	3,668	3,600	3,600		3,800	
Spain	17,647	19,934	18,939	19,300	19,300		19,600	
Sweden	2,251	1,891	1,573	1,800	1,600		1,700	
Switzerland	3,856	3,636	3,653	3,600	3,627		3,650	
Turkey	3,003	3,102	2,811	3,600	2,995		3,000	
United Kingdom	2,462	2,651	2,297	2,800	2,600		2,800	
Central and Eastern European countries	7,237	6,791	7,567	7,980	7,505		8,020	
Other countries	529	616	614	650	630		640	
Total Europe - Region V	108,010	108,532	106,936	111,900	107,432	110,000	111,510	114,000
Total all regions - National Committees	131,804	131,780	132,008	138,038	133,570	136,600	139,230	142,800

Annex I (continued)

PRODUCT LINE AND MARKETING: CARD SALES BY REGION, 1994 - 1998 UNICEF FIELD OFFICES

(in thousands of cards)

Country/region	1994 Actual	1995 Actual	1996 Actual	1997 Approved budget	1997 Latest estimates	1998 Forecast Low	Medium	High
Argentina	1,070	904	636	1,170	450		500	
Brazil	5,563	5,107	5,360	5,600	5,750		6,000	
Chile	143	207	218	300	240		260	
Colombia	1,295	1,592	1,369	1,750	1,450		1,550	
Ecuador	521	497	549	600	600		660	
Mexico	614	665	735	1,000	850		1,000	
Peru	666	834	820	1,146	900		950	
Uruguay	432	376	351	420	350		370	
Venezuela	152	196	234	350	250		250	
Other Countries	1,163	1,218	1,259	1,558	1,297		910	
Total Latin America & Caribbean - Region II	11,619	11,596	11,531	13,894	12,137	12,000	12,450	14,000
Indonesia	766	860	693	1,100	1,108		1,265	
Malaysia	360	107	168	350	350		400	
Philippines	562	700	780	900	900		1,000	
Singapore	263	168	208	200	240		320	
Thailand	406	365	432	500	471		505	
Other Countries	578	561	523	625	649		360	
Total Asia - Region III	2,935	2,761	2,804	3,675	3,718	3,700	3,850	3,900
India	6,064	6,867	6,102	4,900	4,900		5,250	
Pakistan	690	749	785	830	850		900	
Other countries	40	28	45	35	35		0	
Total Pacific, India & Pakistan - Region IV	6,794	7,644	6,932	5,765	5,785	6,000	6,150	6,300
Morocco	604	478	465	500	500		500	
Nigeria	804	676	879	900	962		1,000	
Other countries	3,351	3,494	3,764	3,730	3,830		2,290	
Total Africa & MENA - Region VI	4,759	4,648	5,108	5,130	5,292	3,600	3,790	4,000
Total All regions - field offices	26,107	26,649	26,375	28,464	26,932	25,300	26,240	28,200
Total All regions - National Committees	131,804	131,780	132,008	138,038	133,570	136,600	139,230	142,800
Grand Total	157,911	158,429	158,383	166,502	160,502	161,900	165,470	171,000

MENA = Middle East and North Africa

Annex II

PRIVATE SECTOR FUND-RAISING NET PROCEEDS: 1994-1996 ACTUAL, 1997 APPROVED, 1997 LATEST ESTIMATES AND 1998 PROPOSED

(In thousands of United States dollars)

National Committees	1994 Actual			1995 Actual			1996 Actual			1997 Approved budget			1997 Latest estimates			1998 Proposed		
	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total
Australia		975	975		583	583		1,037	1,037		1,200	1,200		1,200	1,200		1,500	1,500
Austria		514	514	1,115	847	1,962	1,263	692	1,955	1,400	600	2,000	1,300	500	1,800	1,400	600	2,000
Belgium	4,452		4,452	2,775	793	3,568	2,580	532	3,112	2,800	700	3,500	2,500	600	3,100	2,600	510	3,110
Canada						-			-			-		5,000	5,000		5,500	5,500
Czech Republic						-	17		17	188		188	144	10	154	200	23	223
Cyprus	25		25	16		16	11		11		25	25	12		12	12		12
Denmark	275		275	146	71	217	192	343	535	400	100	500	300		300	450	130	580
Finland	310	1,628	1,938		1,473	1,473	399	1,456	1,855		700	700		1,347	1,347	500	1,324	1,824
France	15,062	2,267	17,329	13,100	2,054	15,154	12,274	2,718	14,992	16,000	2,500	18,500	13,000	2,400	15,400	14,000	2,500	16,500
Estonia							4		4									
Germany	20,034	20,079	40,113	17,789	20,507	38,296	10,470	24,079	34,549	18,000	20,000	38,000	18,000	22,500	40,500	19,000	23,100	42,100
Greece	885	346	1,231	911	172	1,083	798	255	1,053	1,000	500	1,500	1,000	500	1,500	1,100	500	1,600
Hong Kong	1,824	1,847	3,671	2,696	1,394	4,090	3,078	937	4,015	2,700	1,700	4,400	2,500	1,500	4,000	3,000	1,000	4,000
Hungary					10	10	6		6	40		40	25	25	50	50	36	86
Ireland	128	243	371	246		246	170		170	400		400	250		250	500		500
Israel	25		25			-			-			-			-			-
Italy	10,425	3,565	13,990	8,774	4,277	13,051	11,016	3,090	14,106	13,000	2,000	15,000	11,000	1,500	12,500	11,000	1,500	12,500
Japan	20,838	10,087	30,925	23,748	9,335	33,083	26,213	5,803	32,016	30,000	5,000	35,000	29,000	3,000	32,000	32,000	4,000	36,000
Luxembourg	274	24	298	201	486	687	208	189	397	250	50	300	200	75	275	210	76	286
Monaco							100		100									
Netherlands	1,473	40,164	41,637	17,136	13,522	30,658	18,842	12,352	31,194	17,000	14,500	31,500	15,000	10,000	25,000	15,900	10,600	26,500
New Zealand	12	124	136	77	45	122			-	80	40	120		50	50	750	250	1,000
Norway	10		10	42	25	67	7	671	678	100		100	70		70	200		200
Poland				45		45	23		23	20		20	32		32	89		89
Portugal	125	105	230	794	7	801	451	4	455	500	50	550	480	47	527	600	150	750
Republic of Korea	2,358	586	2,944	2,394	611	3,005	2,215	572	2,787	2,700	600	3,300	2,000	500	2,500	2,500	500	3,000
Republic of Moldova								8	8									
Romania				9		9	10		10			-			-			-
Slovakia		5	5	1		1	27		27	100		100	58	2	60	140	4	144
Slovenia					9	9		34	34	89		89	40	15	55	110	18	128
Spain		933	933	3,128	13,563	16,691	3,360	13,954	17,314	5,000	11,000	16,000	8,000	10,000	18,000	10,000	10,000	20,000
Sweden	87	775	862	363	645	1,008	532	120	652	500	300	800	230	200	430	300	189	489
Switzerland	5,379	4,876	10,255	4,887	3,911	8,798	4,245	2,346	6,591	5,500	3,000	8,500	4,000	2,630	6,630	4,000	2,570	6,570
Turkey	10	6	16	12	39	51	19	34	53	30		30	30		30	30		30
United Kingdom		6,953	6,953		9,720	9,720	150	7,935	8,085	1,000	7,000	8,000	1,000	7,000	8,000	3,000	5,900	8,900
United States		11,277	11,277		8,402	8,402		10,746	10,746		10,000	10,000		10,000	10,000		11,800	11,800
Total National Committees	84,011	107,379	191,390	100,405	92,501	192,906	98,680	89,907	188,587	118,797	81,565	200,362	110,171	80,601	190,772	123,641	84,280	207,921

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Annex II (continued)

(In thousands of United States dollars)

UNICEF field offices	1994 Actual			1995 Actual			1996 Actual			1997 Approved budget			1997 Latest estimates			1998 Proposed		
	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total
Argentina		1,512	1,512		1,673	1,673		1,419	1,419		1,176	1,176		1,000	1,000		1,717	1,717
Brazil	44	8,915	8,959		9,308	9,308		9,377	9,377		9,040	9,040		9,062	9,062		9,327	9,327
Burkina Faso	2		2															
Cameroon				6		6												
Chile								30	30		462	462		290	290		578	578
Colombia								33	33		414	414		392	392		726	726
Guinea	1		1															
Ecuador	20	78	98		10	10		52	52		209	209		108	108		231	231
Madagascar		11	11		5	5		9	9									
Malaysia				3		3												
Mexico	187		187	254		254	30	279	309		1,063	1,063		1,200	1,200		2,165	2,165
Morocco											166	166		50	50		50	50
Niger				4		4	4		4									
Nigeria								24	24		156	156		309	309		452	452
Pakistan								8	8									
Panama								6	6									
Peru		10	10		116	116		67	67		663	663		700	700		978	978
Philippines								743	743		940	940		862	862		1,867	1,867
Singapore	5	32	37	37	1	38	14		14									
Syrian Arab Repbulic							3		3									
Thailand	6	26	32					970	970		1,603	1,603		1,464	1,464		2,298	2,298
Venezuela	20	16	36	2	3	5		137	137		300	300		274	274		432	432
Total UNICEF field offices	285	10,600	10,885	306	11,116	11,422	51	13,154	13,205		16,192	16,192		15,711	15,711		20,821	20,821
Total National Committees	84,011	107,379	191,390	100,405	92,501	192,906	98,680	89,907	188,587	118,797	81,565	200,362	110,171	80,601	190,772	123,641	84,280	207,921
Total National Committees and field offices	84,296	117,979	202,275	100,711	103,617	204,328	98,731	103,061	201,792	118,797	97,757	216,554	110,171	96,312	206,483	123,641	105,101	228,742
Less: House list - appeal costs Adjustment								(391)	(391)		(495)	(495)		(476)	(476)		(792)	(792)
1997 income to be reported in 1998										3		3						
1998 income to be reported in 1999													(70,171)	(60,835)	(131,006)	70,171	60,835	131,006
																(53,765)	(50,162)	(103,927)
Grand total	84,296	117,979	202,275	100,711	103,617	204,328	98,731	102,670	201,401	118,800	97,262	216,062	40,000	35,001	75,001	140,047	114,982	255,029

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Annex III

POST CHANGES: GCO

Detail	Posts level							Total IP	NO	GS	Grand total
	D2/L7	D1/L6	P5/L5	P4/L4	P3/L3	P2/L2	P1/L1				
Base PAT 1998	1	3	10	22	34	10	0	80	29	136	245
Establish and abolish											
Director's Office			1					1			1
Marketing			3	3	-2	-2		2		-10	-8
Operations and Finance				1	-2			-1		-6	-7
RSCs and UNICEF field offices				-2				-2	-3	4	-1
Total change, GCO	0	0	4	2	-4	-2	0	0	-3	-12	-15
Reclassifications, GCO											
Operations and Finance					1	-1		0			0
Total reclassification, GCO	0	0	0	0	1	-1	0	0	0	0	0
Deployments from GCO											
Marketing				-1	-1			-2			-2
Total deployment from GCO	0	0	0	-1	-1	0	0	-2	0	0	-2
Deployments within GCO											
Director's Office										-1	-1
Marketing						-1		-1		1	0
Operations and Finance						1		1		0	1
Total deployment within GCO	0	0	0	0	0	0	0	0	0	0	0
Total changes, reclassifications, deployments	0	0	4	1	-4	-3	0	-2	-3	-12	-17
Total, Proposed 1998	1	3	14	23	30	7	0	78	26	124	228

GS = General Service; IP = international Professional; NO = national officer.
PAT = post authorization table; RSCs = regional support centres.

Annex IV

DETAILS OF INTERNATIONAL PROFESSIONAL POST CHANGES (ESTABLISH/ABOLISH/TRANSFER): 1998 PROPOSED

PAT number	Duty station	Post title	Functional group	Level	Type of action	Count
GCO98936	NY	Regional Manager	Marketing	L-6	Establish	1
GCO98994	GE	Deputy Director, Marketing	Marketing	L-6	Establish	1
84304	NY	Deputy Director, PSFR	Marketing	D-1	Abolish	-1
55001	GE	Deputy Director, Marketing	Marketing	D-1	Abolish	-1
GCO98933	NY	International Accounts Manager	Marketing	L-5	Establish	1
GCO98937	NY	Business Development Officer	Marketing	L-5	Establish	1
GCO98938	NY	Senior Marketing Manager	Marketing	L-5	Establish	1
GCO98950	GE	Marketing Services Manager	Marketing	L-5	Establish	1
GCO98956	GE	Merchandise Manager	Marketing	L-5	Establish	1
GCO98942	CPH	Senior Technical Officer, Printing	Director's Office	L-5	Establish	1
93464	NY	Chief, Marketing	Marketing	L-5	Abolish	-1
93655	GE	Chief, Fund-raising Support	Marketing	L-5	Abolish	-1
GCO98932	NY	Marketing Database Officer	Operations and Finance	L-4	Establish	1
GCO98939	NY	Fund-raising Officer	Marketing	L-4	Establish	1
GCO98943	GE	Planning and Headquarters Interface Officer	Marketing	L-4	Establish	1
GCO98945	GE	Marketing Manager	Marketing	L-4	Establish	1
GCO98946	GE	Marketing Manager	Marketing	L-4	Establish	1
GCO98951	GE	International Sales Promotion Manager	Marketing	L-4	Establish	1
GCO89873	GE	Market Research Officer	Marketing	L-4	Establish	1
93819	NY	Fund-raising Officer	Marketing	L-4	Abolish	-1
89556	GE	Fund-raising Officer	Marketing	L-4	Abolish	-1
93477	GE	Product Development Officer	Marketing	L-4	Abolish	-1
01341*	GE	Information Officer	Marketing	P-4	Transfer	-1
94409	RIO	Regional Operations Officer	RSCs and UNICEF field offices	L-4	Abolish	-1
94413	SIN	Regional Operations Officer	RSCs and UNICEF field offices	L-4	Abolish	-1
GCO98934	NY	Programme Coordinator	Marketing	L-3	Establish	1
GCO98935	NY	Programme Coordinator	Marketing	L-3	Establish	1
GCO98940	NY	Direct Mail Support Officer	Operations and Finance	L-3	Establish	1
GCO98941	NY	Inventory Management Officer	Operations and Finance	L-3	Establish	1
GCO98944	GE	Business Analyst	Marketing	L-3	Establish	1
GCO98947	GE	Brand Manager	Marketing	L-3	Establish	1
GCO98952	GE	Brand Manager	Marketing	L-3	Establish	1
GCO98953	GE	Brand Manager	Marketing	L-3	Establish	1
GCO98957	GE	Product Developer, Corporate Cards	Marketing	L-3	Establish	1
GCO98958	GE	Direct Mail Materials Officer	Marketing	L-3	Establish	1
GCO98964	GE	Product Developer, Non-cards	Marketing	L-3	Establish	1
GCO98989	GE	Product Developer, Consumer Cards	Marketing	L-3	Establish	1
GCO98995	GE	Fund-raising and Training Officer	Marketing	L-3	Establish	1
02033	NY	Planning Officer	Operations and Finance	L-3	Abolish	-1
84323	NY	Product Development Officer	Marketing	L-3	Abolish	-1

Annex IV continued

PAT number	Duty station	Post title	Functional group	Level	Type of action	Count
90280	NY	Sales Development Officer	Marketing	L-3	Abolish	-1
93471	NY	Market Research Officer	Marketing	L-3	Abolish	-1
95132	NY	Market Development Officer	Marketing	L-3	Abolish	-1
95170	NY	Fund-raising Officer	Marketing	L-3	Abolish	-1
96434	NY	Accountant	Operations and Finance	L-3	Abolish	-1
03074	GE	Planning Officer	Operations and Finance	L-3	Abolish	-1
83411	GE	Sales Development Officer	Marketing	L-3	Abolish	-1
83412	GE	Sales Development Officer	Marketing	L-3	Abolish	-1
87510	GE	Sales Development Officer	Marketing	L-3	Abolish	-1
90278	GE	Fund-raising Officer	Marketing	L-3	Abolish	-1
92630	GE	Production Officer	Operations and Finance	L-3	Abolish	-1
93465	GE	Fund-raising Officer	Marketing	L-3	Abolish	-1
93466	GE	Fund-raising Officer	Marketing	L-3	Abolish	-1
93663	GE	Sales Development Officer	Marketing	L-3	Abolish	-1
97256	GE	Fund-raising Officer	Marketing	L-3	Abolish	-1
91537**	NY	Fund-raising Officer	Marketing	L-3	Transfer	-1
GCO98974	NY	Assistant Marketing Services Coordinator	Marketing	L-2	Establish	1
GCO98976	NY	Assistant Product Development Officer	Marketing	L-2	Establish	1
GCO98948	GE	Inventory, Production and Sales Coordinator	Marketing	L-2	Establish	1
GCO98961	GE	Assistant Network Administration Officer	Operations and Finanace	L-2	Establish	1
02011	NY	Assistant Product Development Officer	Marketing	L-2	Abolish	-1
92626	NY	Assistant Product Development Officer	Marketing	L-2	Abolish	-1
94417	NY	Assistant Promotional Support Officer	Marketing	L-2	Abolish	-1
94418	NY	Assistant Programme Officer, Policies	Operations and Finanace	L-2	Abolish	-1
90281	GE	Assistant Product Development Officer	Marketing	L-2	Abolish	-1
96433	GE	Assistant Inventory Management Officer	Marketing	L-2	Abolish	-1
Total						-2

DETAILS OF INTERNATIONAL PROFESSIONAL POST RECLASSIFICATIONS BY GRADE AND OFFICE: 1998 PROPOSED

PAT number	Duty station	Post title	Functional group	1997 Level	1998 Level
55010	GE	Production Planning Officer	Operations and Finance	L-2	L-3
Total					1

PAT = post authorization table.
PSFR = Private Sector Fund-raising .
RSCs = regional support centres.
* Transfer to regional Office for Europe.
** Transfer to Division of Communication.

Annex V

COMPARISON OF POSTS FOR GCO: 1997 APPROVED BUDGET VERSUS 1998 PROPOSED BUDGET

	Posts level							Total			Grand
	D2/L7	D1/L6	P5/L5	P4/L4	P3/L3	P2/L2	P1/L1	IP	NO	GS	total
Director's Office											
Approved 1997	1		1					2		1	3
Proposed 1998	1		2					3		1	4
Change	0	0	1	0	0	0	0	1	0	0	1
Marketing											
Approved 1997		2	3	6	17	6		34		39	73
Proposed 1998		2	5	8	12	3		31		30	61
Change	0	0	3	2	-5	-3	0	-3	0	-9	-12
Operations and Finance											
Approved 1997		1	4	10	16	4		35		55	90
Proposed 1998		1	4	11	17	4		37		48	85
Change	0	0	0	1	1	0	0	2	0	-7	-5
Total, GCO headquarters and ROs											
Approved 1997	1	3	8	16	33	10	0	71	0	95	166
Proposed 1998	1	3	12	19	29	7	0	71	0	79	150
Change	0	0	4	3	-4	-3	0	0	0	-16	-16
RSCs and UNICEF field offices											
Approved 1997			2	6	1			9	29	41	79
Proposed 1998			2	4	1			7	26	45	78
Change	0	0	0	-2	0	0	0	-2	-3	4	-1
Total, GCO headquarters, ROs, RSCs and UNICEF field offices											
Approved 1997	1	3	10	22	34	10	0	80	29	136	245
Proposed 1998	1	3	14	23	30	7	0	78	26	124	228
Change	0	0	4	1	-4	-3	0	-2	-3	-12	-17

GS = General Service; IP = international Professional; NO = national officer.
ROs = regional offices.
RSCs = regional support centres.